

AR47

1968
annual
report



**FEDERAL SAVINGS
AND LOAN CORPORATION**

Member Canada Deposit Insurance Corporation

Board of Directors

OFFICERS The Honourable G. ERNEST HALPENNY, P.C., *Chairman of the Board*
 OSCAR RECHTSHAFFEN, *President and Managing Director*
 PETER MACKENZIE, *Vice-President*
 JAMES H. MORLOCK, *Secretary*
 JOHN W. STEWART, C.A., *Treasurer*

DIRECTORS GORDON R. P. BONGARD, *Toronto*
 The Honourable G. ERNEST HALPENNY, P.C., *London*
 PETER MACKENZIE, *Montreal*
 JAMES H. MORLOCK, *Toronto*
 IRVIN RECHTSHAFFEN, *Toronto*
 OSCAR RECHTSHAFFEN, *Toronto*
 ROGER N. SEGUIN, O.C., *Ottawa*

AUDITORS MESSRS. PRICE WATERHOUSE & CO.

REGISTRAR AND TRANSFER AGENT FEDERAL SAVINGS AND LOAN CORPORATION
Toronto

BRANCH REGISTRAR AND
TRANSFER AGENT

NATIONAL TRUST COMPANY, LIMITED
Toronto

HEAD OFFICE 141 Yonge Street
Toronto

SAVINGS BRANCHES

141 Yonge Street
605 Danforth Avenue
950 St. Clair Avenue West
1850 Eglinton Avenue West
Toronto

ANNUAL MEETING Friday, May 2, 1969

Report of the Directors

To the Shareholders:

Your Company earned a net profit of \$36,754 in the year ended December 31, 1968. This was its first year of profitable operations. We are pleased to have passed this important milestone, and look forward to increasingly profitable years ahead.

1968 was a record year of growth. Debentures outstanding increased by 94% to \$7,190,250 from \$3,692,192.

Demand deposits, savings and other time deposits increased in the year by \$983,316. There was some redistribution among these categories, as we increased the number of types of account we offered our customers, and varied the services in connection with each type of account to suit more exactly the individual's requirements.

The increase in all customers' funds on deposit during the year was \$4,481,374, an increase of 56% over the total of all deposits at December 31, 1967.

The pace of mortgage lending was increased during the year, at a time when interest rates were very attractive. The mortgage portfolio grew from \$6,018,579 to \$8,710,032, a gain of \$2,691,453. In addition, there was approximately \$500,000 in mortgage hold-backs, pending construction reaching certain stages of progress before these funds would be advanced.

At year-end, there were 723 loans, being an average amount of \$12,990 taking into account the full amount of the loans, including amounts not yet advanced. The average yield increased from 8.5% to 8.74%.

Your Company purchased the building at 141-143 Yonge Street, Toronto, in which its Head Office and downtown savings branch are located. This assures adequate space for expansion and permanency in this favourable location.

Rising interest rates during the year under review once again reduced the degree of profitability, by putting a squeeze on the margin between the rates paid for funds and the yield on long-term investments.

It is now almost two years since the revisions to The Bank Act came into force. The substantial advan-

tages granted the chartered banks in relation to their competitors should be put in better balance immediately.

It is understood that Government action is expected on such matters in the near future.

We regret to have received the resignation of Mr. Roger N. Seguin, Q.C., due to the increasing demands of his other commitments. His association with the Company is sincerely appreciated.

It is proposed to have Mr. Barry P. Hayes stand for election as a Director at the Annual Meeting. Mr. Hayes has a broad business experience as well as a community service background which, we anticipate, will prove of immense value to your Company.

Your Company has entered a new phase of its growth, and we anticipate substantial increases in profits from now on.

We wish to acknowledge the loyalty, ability and enthusiasm of the members of our staff, without whose sincere efforts this record year of achievement would not have been possible.

Respectfully submitted on behalf of the Board.



A handwritten signature in dark ink, reading "Oscar Rechtshaffen".

Oscar Rechtshaffen, President

Toronto, March 28, 1969.



FEDERAL AND LOAN

Balan

	Assets	December 31	
		1968	1967
Cash		338,821	\$ 629,483
Securities :			
Short term notes		1,350,000	—
Government of Canada bonds, at amortized cost (quoted market value 1968 — \$1,111,900 ; 1967 — \$1,227,275)		1,209,895	1,310,047
Provincial and municipal bonds, at amortized cost (quoted market value 1968 — \$460,100 ; 1967 — \$66,425)		482,232	69,962
Corporation bonds, at amortized cost (quoted market value 1968 — \$1,222,500 ; 1967 — \$121,910)		1,287,627	134,573
Stocks, at cost (quoted market value 1968 — \$306,500 ; 1967 — \$854,946)		318,446	918,947
Total cash and securities		4,987,021	3,063,012
Collateral Loans		66,141	74,285
Accrued interest on securities and other receivables		69,741	43,051
Mortgages and accrued interest less unamortized discounts and placement fees of \$67,634 (1967 — \$11,509)		8,710,032	6,018,579
Fixed assets, at cost :			
Office premises		320,628	—
Furniture and equipment		115,528	115,255
		436,156	115,255
Less — Accumulated depreciation		65,824	53,060
		370,332	62,195
Leasehold improvements, less amounts written off		54,792	86,083
		14,258,059	9,347,205
Agencies		172,616	98,755
		<u>\$14,430,675</u>	<u>\$9,445,960</u>

Auditors' Report

To the Shareholders of Federal Savings and Loan Corporation :

We have examined the balance sheet of Federal Savings and Loan

Corporation as at December 31, 1968, and the income statement, expenses and profit and loss account for the year ended December 31, 1968. Our examination included a general review of the books and records, tests of accounting records and such other procedures as we considered necessary in the circumstances.

SAVINGS CORPORATION

Sheet

	Liabilities	December 31	
		1968	1967
Demand deposits and accrued interest		\$ 316,794	\$ 795,889
Savings and other time deposits and accrued interest		4,960,778	3,498,367
Debentures and accrued interest		7,190,250	3,692,192
Term loans – secured		261,229	—
		<u>12,729,051</u>	<u>7,986,448</u>
Mortgagors' tax deposits		124,653	44,712
Accounts payable and accrued liabilities		71,597	20,041
		<u>12,925,301</u>	<u>8,051,201</u>
Shareholders' Equity			
<i>Capital stock (Note 1):</i>			
Authorized –			
500,000 shares of \$10 each	\$5,000,000		
Issued –			
140,025 shares, fully paid		1,400,250	1,400,250
49,975 shares, partly paid		49,975	49,975
		<u>1,450,225</u>	<u>1,450,225</u>
<i>Profit and Loss Account</i>		(117,467)	(154,221)
		<u>1,332,758</u>	<u>1,296,004</u>
		14,258,059	9,347,205
Agencies		172,616	98,755
<i>Attested:</i> Oscar Rechtshaffen, President			
John W. Stewart, C.A., Treasurer			
		<u>\$14,430,675</u>	<u>\$9,445,960</u>

and the statements of income and the year then ended. Our examining procedures and such supporting evidence as we con-

In our opinion these financial statements present fairly the financial position of the corporation as at December 31, 1968 and the results of its operations for the year then ended.

Toronto, February 20, 1969.

Price Waterhouse & Co.
Chartered Accountants.

Statement of Income and Expenses

	Year ended December 31	
	1968	1967
Income :		
Mortgage interest	\$ 583,906	\$ 469,892
Income from securities	249,318	108,092
Other income	144,823	32,676
Total income	<u>978,047</u>	<u>610,660</u>
Expenses :		
Interest	525,674	299,649
Salaries	198,507	160,857
Other general and administrative expenses	217,112	163,116
Total expenses	<u>941,293</u>	<u>623,622</u>
Profit (loss) for the year	* <u>\$ 36,754</u>	<u>\$ (12,962)</u>

Profit and Loss Account

	Year ended December 31	
	1968	1967
Balance at beginning of year	\$ (154,221)	\$ (141,281)
Share premiums received during the year	—	22
	<u>(154,221)</u>	<u>(141,259)</u>
Profit (loss) for the year	36,754	(12,962)
Balance at end of year	<u>\$ (117,467)</u>	<u>\$ (154,221)</u>

Notes to Financial Statements December 31, 1968

1. Capital stock :

At December 31, 1968 Security Capital Corporation Limited held an option to purchase 10,000 shares of the capital stock of the corporation at \$11 per share expiring February 15, 1971 and the president of the corporation held an option to purchase a total of 15,000 shares at \$11 per share expiring June 30, 1974.

* The balance of \$494,753 unpaid in respect of the 49,975 partly paid shares is payable at the call of the directors, but not later than 1974, and when paid will be added to the shareholders' equity.

2. Lease commitments :

Rental payments required under leases of branch premises expiring on various dates up to 1976 aggregate approximately \$20,000 annually.

3. Income taxes :

No taxes are payable in respect of the 1968 profit because the profit includes non-taxable income and because of losses carried forward from prior years.

